THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The emergence of India and China as major Asian economies with potential for high growth rates is globally acknowledged. While South East Asian countries have evinced keen interest in the economic ties with India, Singapore has strengthened the process through the Comprehensive Economic Cooperation Agreement reached between Singapore and India in June 2005.

Sanctions on Urban Co-operative Banks in AP

2951. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI had imposed sanctions on the Urban Co-operative Banks in Andhra Pradesh during the last one year;

(b) if so, the details of each bank in this regard;

(c) the reasons in each case;

(d) whether the RBI had reviewed the working conditions of the Urban Co-operative Banks in AP recently; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) and (c) Reserve Bank of India have placed two Urban Cooperative Banks (UCBs) under directions and ten banks under operational instructions in the State of Andhra Pradesh. The Bank-wise details alongwith reasons for such actions is given in the enclosed Statement (*See* below).

(d) and (e) The RBI has been reviewing the performance of UCBs through on site inspection/scrutiny, off-site surveillance, statutory audit reports and interface with the management of the banks as also the Register of Co-operative Societies(RCS) of the State of Andhra Pradesh. On the Government of Andhra Pradesh signing a MoU with the RBI a Task Force for Urban Cooperative Banks **(TAFCUB)** was constituted for Andhra Pradesh. The TAFCUB has since reviewed the performance of all non-scheduled UCBs except two *viz.*, The Srikakulam CUBL and the Kanyakaparameswari

CUBL. The performance of Srikakulam CUBL was reviewed in December 2005. the TAFCUB had an interface with the Board of Directors/PIC Committee of eleven banks and sensitized them to the need for showing improvement in their grading and strive for attaining a better grade at the earliest.

The three scheduled UCBs (including one under direction and one under a scheme of reconstruction) are constantly monitored through the off-site surveillance mechanism. Further, these banks are also taken up for on-site inspection at annual intervals.

Statement

Bank-wise Details of Reasons

Sl. No.	Name of the Bank	Reasons for Directions/Operations Instructions
BANKS UNDER DIRECTIONS		
1.	Kanyakaparameshwari CUBL	Poor liquidity position; defaulted in the maintenance of CRR and SLR; low recovery of loans and; run on its deposits.
2.	Bhimavaram CUBL	Negative CRAR; 26% NPAs out of its total loans and advances and; erosion in deposits to the extent of 17.7%.
BANK UNDER OPERATIONAL INSTRUCTIONS		
1.	Innespeta CUBL Rajahmundry	CRAR less than the minimum regulatory requirement of 9%. Net NPAs above 15%.
2.	Veerashaiva CUBL	Negative Net Worth, Negative CRAR, Net NPAs above 15% and marginal erosion of deposits.
3.	Sri Bharathi CUBL	Net NPAs above 15%. Classification in Grade III.
4.	Machilipatnam CUBL	Negative Net Worth, Negative CRAR, Net NPAs above 15% and marginal erosion of deposits.

Sl. No.	Name of the Bank	Reasons for Directions/Operations Instructions
5.	Visakhapatnam CUBL	CRAR less than the minimum regulatory requirement of 9%, Classification in Grade III.
6.	Neelakrishna CUBL	Net NPAs above 15% and Classification in Grade III.
7.	Tenali CUBL	Net NPAs above 15% and Classification in Grade III.
8.	Guntur CUBL	Net NPAs above 15% and Classification in Grade III.
9.	Neelakantha CUBL	Net NPAs above 15% and Classification in Grade III.
10.	Uravakonda CUBL	Net NPAs above 15% and Classification in Grade III.

NPAs—Non Performing Assets; SLR-Statutory Liquidity Ratio; CRR-Cash Reserve Ratio; CRAR-Capital to Risk-weighted Assets Ratio;

Rescheduling of loans of States

2952. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have rescheduled the loans of various States as per the recommendations of the Twelfth Finance Commission;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether Government are enhancing the loans to various States especially for Andhra Pradesh;

(e) if so, the details thereof?

(f) the loan amount of Andhra Pradesh to be paid to Centre as on date; and

(g) the interest being paid by Andhra Pradesh to Centre per month?